

ECONOMIC DEVELOPMENT COMMITTEE

DATE: January 18, 2006

CALLED TO ORDER: 5:06 p.m.

ADJOURNED: 6:46 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chair
Patrice Abdullah
Lonnell Conley
Marilyn Pfisterer
Isaac Randolph, Jr
Joanne Sanders

ABSENT MEMBERS

Virginia Cain

AGENDA

PROPOSAL NO. 31, 2006 - a final resolution for Indianapolis Colts, Inc. in an amount not to exceed \$85,000,000 to finance a portion of the cost of the acquisition, construction, installation and equipping of certain economic development facilities consisting of a 63,000 seat multi-purpose stadium (District 19)
“Do Pass as Amended” 6-0

Update on Great Indy Neighborhoods and the potential creation of business improvement districts (BIDs) to fund urban commercial corridors – presented by Bill Taft, Program Director of the Local Initiatives Support Corporation (LISC)

Recap of 2005 and a look at 2006 economic development efforts – presented by Gordon Hendry, Mayor’s Office

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, January 18, 2006. Chair Jackie Nytes called the meeting to order at 5:06 p.m. with the following members present: Patrice Abdullah, Lonnell Conley, Marilyn Pfisterer, Isaac Randolph, Jr., and Joanne Sanders. Absent was Virginia Cain. Representing Council staff were Bart Brown, Chief Financial Officer and Aaron Haith, General Counsel.

PROPOSAL NO. 31, 2006 - a final resolution for Indianapolis Colts, Inc. in an amount not to exceed \$85,000,000 to finance a portion of the cost of the acquisition, construction, installation and equipping of certain economic development facilities consisting of a 63,000 seat multi-purpose stadium

Councillor Mahern said that he is still supportive of the stadium project and that this is the usual process that is done for bonding. He said that similar projects have been completed by also going through this process.

Chair Nytes said although this facility is going to benefit everyone in the central Indiana region, Councillor Mahern's constituents will probably be more affected by the construction process that will take place during the expansion.

Chair Nytes asked Rod Morgan, Attorney, Indiana Economic Development Commission (IEDC), to explain the difference between the Economic Development Committee and the work of IEDC.

Mr. Morgan said that the IEDC is the unit of the City government that is responsible for commencing the process of issuing economic development bonds on behalf of the City. Additionally, IEDC initiates bonds that are ultimately issued to finance multi-family housing projects. He said that IEDC is made up of five members, who were all present at the Commission's January meeting to hear the proposed resolution. After extensive discussions by the commissioners and questions of Bond Counsel (Barbara Lawrence of the Bond Bank) and representatives from the Colts, IEDC members unanimously voted to approve the final resolution before the Economic Development Committee. The approval allows the resolution to be heard by the Committee and, upon recommendation, may be forwarded to the full Council for consideration.

Ms. Lawrence asked Bill Brooks, Colts representative, to give a statement. Mr. Brooks said on behalf of the Indianapolis Colts, they are excited about the new project. The project is very important to the franchise, not for short-term purposes but for long-term as well. He said that the Colts are pleased to be a part of such a significant economic development project in the City and the state of Indiana. Mr. Brooks said that it is understood that the city expects the Colts to make a significant investment and to be a partner in the financial cost of the project. He said that the Colts want to be good corporate citizens in the community and that the means through the Bond Bank is important. It has allowed the Colts to maximize their investments. He said that the team is very excited and thankful

about the next 30 years in Indianapolis and want to thank the Committee for their consideration.

Mr. Morgan continued that IEDC followed this normal procedure in passage of other economic development projects such as the Simon and Conrad projects. The difference between those and this one is that the Colts will repay the amounts of money borrowed from the bond issuance. Mr. Morgan distributed a handout (Exhibit A) for the Committee's review which included a memo from Mr. Morgan, a copy of the bond application, an executive summary outlining the specifications of the project, the accountants' reports and financial statements, and the economic and fiscal impact study of the Indianapolis Colts. [Clerk's note: A full copy of Exhibit A is on file in the Council office with the original set of minutes.]

Ms. Lawrence introduced Tom Froehle, Attorney with Baker & Daniels, who he is working very closely with the City on the stadium transaction. Ms. Lawrence distributed a handout (Exhibit B) and presented information of the proposed project, which included the following key points:

- Background of the agreement
- The process that was taken to obtain funds
- The transaction of how funds will be distributed and repaid
The Colts will repay the loan from their own funds and revenue sources
- Summary of the project

[Clerk's note: A printout of Exhibit B is on file in the Council office with the original set of minutes.]

Councillor Pfisterer asked if the bond issuance term would be within the length that the Colts have agreed to be in Indianapolis. Mr. Froehle answered in the affirmative.

Chair Nytes asked why the loan is issued on a taxable basis as opposed to tax exempt. Mr. Froehle answered that according to the Federal Internal Revenue Code, only certain types of facilities, such as affordable housing developments, can be financed on a tax exempt basis. But contributions that benefit a private party cannot be done on a tax exempt basis and the project is conceived this way because the private party is going to repay the bonds.

Councillor Abduallah said that he is impressed with the structure and the process leading to the project. He said that he wants the constituents to understand that this project is to aid in growth opportunity for the city. He asked what happens in the case that the loan cannot be repaid. Mr. Froehle said that one of the important parts of the ordinance, Section 4, states that the bonds are not a general obligation, indebtedness, or charge against the general credit of the City nor are the bonds payable in any manner from the revenues raised by taxation. The City is acting as a means for the Colts to access markets and the bonds are solely payable from the Colts payments.

Councillor Sanders asked if this is a usual procedure and if issuances similar to this have been done in the cases of the Carmine Hotel and Simon Headquarters. Mr. Froehle said

that the big difference with those transactions is that there were City revenue sources that would repay the loans, but that is not the case with this transaction.

Councillor Pfisterer commented that the structure of the stadium is going to be for a number of other venues; therefore, it will benefit the City in a number of other ways and is not strictly for the Colts. These other ventures will create jobs and provide revenue for the City.

Councillor Conley said for those who might have had reservations about how nice it is to have the Colts for 30 more years, it is also good in looking at employment, jobs and other benefits of the venture as it will bring in lots of unpredictable money. He said that an organization such as the Colts is a welcoming entity to the City in bringing in large amounts of revenue.

Councillor Abdullah asked how this venture partners with the community, how the constituents obtain the opportunity to be a participant in the development process. Ms. Lawrence said that the Colts are known for their work in the community. In terms of the construction project and how neighborhoods are involved, part of the legislation that created the Stadium Convention formed benchmarks for 15% Minority Business Entities (MBE) and 5% Women Business Entities (WBE) participation. She said that the City and the stadium authority are being mindful and sensitive of the impact on the neighborhoods as the project moves forward and are having discussions with the neighborhood groups to determine what the project means to each neighborhood.

Councillor Conley moved, seconded by Councillor Pfisterer, to forward Proposal No. 31, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

[Clerk's note: Councillor Pfisterer left at this time 5:37 p.m.]

Update on Great Indy Neighborhoods and the potential creation of business improvement districts (BIDs) to fund urban commercial corridors – presented by Bill Taft, Program Director of the Local Initiatives Support Corporation (LISC)

Mr. Taft said that the City has an opportunity to generate more financial support for commercial area revitalization at the neighborhood level. The City has not taken advantage of a particular financing mechanism that has been used in over a thousand neighborhoods around the country. In Indiana, these neighborhoods are called Economic Improvement Districts (EID). The EICs are opportunities for businesses in a particular geographic area, usually designed as a corridor as Massachusetts Avenue or Fountain Square. He said that it creates an opportunity for businesses to assess themselves to generate revenue to pay for parking, maintenance of an area, extra policing of an area, or organizing special events or marketing, as there is limited resources to support these functions. Mr. Taft distributed a handout explaining EIDs and their requirements (Exhibit C). [Clerk's note: A full printout of Exhibit C is in the Council office with the original set of minutes.]

Mr. Taft also distributed a brochure (Exhibit D, on file in the Council office) about Fostering Commercial Urban Strategies (FOCUS), in which a partnership exists between the City of Indianapolis, the Chamber of Commerce, the local Coalition of Neighborhood Development Corporations, LISC, and the Indianapolis Neighborhood Housing Partnership. For the last several years, FOCUS has been supporting neighborhoods in doing commercial area revitalization, but the need for additional revenue has surfaced. He said that LISC is a non-profit organization that has been supporting neighborhood-based organizations in their work and helping to find new mechanisms to help achieve goals. He said that he is here to inform the Committee of a new opportunity before any attempt at neighborhood-level conversations about the potential tool takes place. He said that the opportunity would have to come before the Council if feasible and would be a tax that businesses choose to levy on themselves. Once the tax is chosen, it would then be determined as to what the funds would be used for at the neighborhood level. He said that LISC proposes to bring in a consultant, who has helped other cities and neighborhoods set up these types of programs, to come in and meet with interested neighborhoods and perform an assessment of what the neighborhood tax base is and the composition of the ownership of property. Specifications to approve this type of project are included in Exhibit C.

Councillor Sanders asked if there is any type of size restriction on the width of an area. Mr. Taft said that there is no restriction, it is simply a matter of obtaining a group of property owners that are willing to agree to the project; therefore, a large area may be difficult. But to be feasible, it may be able to be broken down into a subsection of an area.

Councillor Sanders asked if it could be compared to a mini TIF. Mr. Taft answered that it would more likely be compared to a Barrett Law Assessment, where in historic districts the neighborhood comes together to obtain historic street lighting and has agreed to assess themselves. He said that this opportunity is more broad, as it is not only for capital improvement.

Councillor Abdullah asked how revenues, if available, would be gifted to specific businesses and how the application would be put together for something similar to a TIF. Mr. Taft answered that all the dollars collected in an EID are directed back to the governance of a board that has to be formed by the particular district. He said that the property owners in an area vote to elect representatives who would control that money.

Councillor Conley asked how astute the general public is about the Brownfield money and how applications have been received. Mr. Taft said that matching grants for Brownfield is a partnership between LISC and the City. He said that applications come through the FOCUS program and there has been good usage of the program.

Chair Nytes asked if an area could create an EID and choose to create funding for a parking structure. Mr. Taft said that the persons creating the EID would be the property owners that are going to be within the boundaries of a project. He said that he is not certain of the specifics in that regard and is the reason that expert consultants are being brought in. Chair Nytes asked when Mr. Taft expects that someone will come in to work on this opportunity.

Mr. Taft answered that it would be sometime toward the middle of the year. He said that the consultant that they are working with is very busy, but the goal is to begin working before this summer.

Mr. Brown asked if the formation of the area is for a specific purpose only and would cease to exist after the completion of the project or, once created, if it is there forever and the money could be used for any public purpose. Mr. Taft said that the project is typically for more operational expenses as opposed to capital investment, such as the cost of hiring extra security or maintenance in an area. He said that these districts are usually put into place as a way to fund the not-so-glamorous, but important things on an ongoing basis.

Mr. Brown asked about a clarification in the percentage of owners that need to approve, as the handout number read 75% and the ordinance read 66 and 2/3%. Mr. Taft said that the 66 and 2/3% in the ordinance is the correct amount.

Chair Nytes said that the Committee would look forward to hearing back from LISC once some of the work has been resolved with the consultant. Mr. Taft said that he would like to invite the Committee to any public gathering to discuss the opportunity with the consultant. Chair Nytes said that would be beneficial.

Mr. Taft distributed a handout (Exhibit E, on file in the Council office) on the Great Indy Neighborhoods Initiative (GINI). Additionally, a copy of Mr. Taft's presentation can be found on the Great Indy Neighborhoods website at greatindyneighbrohoods.org by choosing to watch the full version video on the Great Indy Neighborhoods Initiative. Mr. Taft's discussion included the following key points:

- Helping neighborhoods go from good to great
- First Indianapolis Community Development Summit in 2004 with Mayor Bart Peterson discussing neighborhood needs and working together
- A strategy group was formed from the summit with 11 great ideas
 - Leadership
 - Vision
 - Education
 - Safety
 - Collaboration
 - Economy
 - Environment
 - Housing
 - Culture
 - Mixed-use
 - Services
- Comprehensive Community Development
 - Three key initiatives
 - Spread existing comprehensive community development efforts citywide
 - Strengthen the capacity of neighborhood groups to do comprehensive community development

- Showcase the impact of an intense comprehensive approach to community development
 - Goal is to recognize, equip, organize and expand comprehensive community development efforts across Indianapolis
- Three-pronged program to help neighborhoods grow
 - Engagement Initiative
 - Goal is to get neighborhoods engaged in talking about their future, developing leadership and resources, and collaborating with partner organizations
 - Implementation Initiative
 - Organizational development
 - Community building
 - Cultivating community development leaders
 - Goal is to provide existing neighborhood efforts with the resources to create and implement a more comprehensive quality-of-life plan
 - Demonstration Initiative
 - Organizational development
 - Community building
 - Quality of life plan
 - Goal is to showcase how comprehensive community development transforms neighborhoods from good to great
- What is next and how neighborhoods can get involved
- Selection criteria
- Governance

Chair Nytes asked Dr. Stephen Towns to speak on his experiences about business development in the inner city. Dr. Towns said that he has faced great obstacles as an African American developer in trying to bring a viable retail development to the Mapleton Fall Creek area. He said that there has not been a lack of effort from the City or LISC, but it is very difficult to obtain the interest of retailers to come to certain areas of the city. Retailers are more apt to build in Noblesville or Plainfield. He said that he is unsure of what else to do.

Chair Nytes said that the tough projects are the ones in the neighborhoods that are being addressed by FOCUS, Great Indy Neighborhoods, and the EIDs. She said that there are many successful businesses in the county and encouragement needs to be on bringing some of those businesses back into the neighborhoods.

[Councillor Randolph left at this time 6:20 p.m.]

Recap of 2005 and a look at 2006 economic development efforts – presented by Gordon Hendry, Mayor's Office

Mr. Hendry distributed a recent article from the Wall Street Journal (Exhibit F) that discussed some of the successes of Indianapolis businesses and an article from the Indianapolis Star discussing the growth of jobs in Indianapolis (Exhibit G). [Clerk's

note: Copies of Exhibits F & G are on file in the Council office with the original set of minutes.] Mr. Hendry said that he will discuss the 2005 economic development initiatives and will give insight into what can be expected for 2006. He said that Indianapolis made substantial advancements in 2005 in the area of economic development and received national attention for the progress. Indianapolis was named by Expansion Management Magazine as the fifth best city in the United States to expand or relocate a business. This magazine is distributed all across the United States and the well-ranking of Indianapolis will gain the attention of the people who need to be reached. Entrepreneur Magazine named Indianapolis as the fifth best large city for entrepreneurs, which reflects that the conservative culture is really changing and a growth of new industries is brewing.

Mr. Hendry said that there were two economic development deals that really stood out among the rest; the passage of the Indiana multi-use stadium and convention center expansion is a substantial step forward. It has been estimated to have a \$2.25 billion impact on the city over the next ten years and will create approximately 4,200 temporary jobs and 4,900 permanent jobs over the next few years. This venture will not only retain the Colts for the next 30 years, but will also expand the City's relationship with the NCAA and enable hosting of Final Four events and other NCAA related events over the next four years. He said that the second major economic development deal of the year was the preservation of about 3,000 jobs that are currently at the Defense Financing and Accounting Service in Lawrence. This process was discussing the potential closure of various bases and military installations across the nation. The process required an intense lobbying effort from the City working with the State and Federal partners to try to preserve the 3,000 jobs in the Indianapolis area and attempted to gain jobs. He said that the City was successful at not only preserving the 3,000 jobs, but also gaining an additional 800 – 1,000 jobs in the next two to three years. These jobs will be stable over the next few years, the employees will purchase new homes, and will enable recent graduates to be employed in the finance and accounting area.

Mr. Hendry said the City of Indianapolis, working with the Indy Partnership, facilitated 37 projects over the course of 2005 that helped create 1,890 new jobs in the city and retained nearly 5,000. The new jobs have an average wage of \$18.90 per hour, which represents a substantial increase over the average wage of the 2004 projects. The jobs represent a capital investment of approximately \$162 million and an increase of annual Indianapolis payroll of approximately \$93.6 million. Substantial job growth in target areas such as Life Sciences, Information Technology, Distribution and Logistics, and Sports and Motorsports has been achieved. Some companies that have committed to new investments or new jobs include:

- National Wine and Spirits, headquartered in Indianapolis, will be expanding and adding jobs in the near downtown area
- Herff Jones, educational product manufacturer, announced plans to invest \$8.4 million locally, expand its facility by 81,000 square feet, and create 128 new advanced manufacturing jobs

- Auto Research Center in Pike Township and operator of one of the world's most advanced wind tunnels for motorsports testing and research, is investing over \$3.3 million in the City and adding 40 new high tech jobs
- Exact Target, local e-marketer company, committed to over \$2 million in investment and a creation of over 100 jobs in downtown Indianapolis for their headquarters
- Century Logistics, Lifesciences bio-logistics firm, will create 30 new jobs and invest \$7.5 million in its near-airport facility. He said that more and more bio-logistics firms are being noticed in Indianapolis
- Transpoint, new logistics company, will create over 250 new jobs and invest \$3 million
- Gatorade announced an investment of \$24 million in its Indianapolis operations
- Many others have expressed their investments and creation of new jobs

Mr. Hendry said that Eli Lilly and Co. continues to be successful in massive investment in the City and their commitment to the area; they have grown 5,500 jobs over the last few years. Wellpoint acquired New York's largest insurer, which was a \$6.5 billion deal. Indianapolis and Indiana based companies are many times the acquirer in massive transactions that make the front pages across the nation. He also mentioned that Union Station is doing very well; a local company has made a substantial investment to fill the space in Union Station.

Mr. Hendry said there continues to be success in the downtown business incubator, the Indiana University Emerging Technology Center. The City made a substantial investment of approximately \$530,000 into this facility in 2005. Indiana University's cancer center, which broke ground this year, and the Research III building, will enable considerable amounts of additional research and development in the life sciences area in Indianapolis. Indianapolis also received its second certified technology park at Intech Park on the Northwest side of Indianapolis, in which three companies established operations working with Purdue University.

Mr. Hendry said that Circle Center Mall is one of the most successful urban malls throughout the United States. Retail that is based at the mall is among the most successful chains in various chain operations. He said that he believes this will be added to with the expanded convention business coming to Indianapolis. He said that a residential growth has also been observed, with the establishment and building of new condominiums and the rehabilitation of other various buildings. He said that people around Indianapolis and the suburbs are buying into the vibrancy of downtown living and what it offers, such as the cultural districts, sporting events and great restaurants. He said that office vacancies are also very low at 15%, the lowest in the last five or more years. He said that a growth in art and culture has been observed, which fosters cultural tourism to the City and brings people in to enjoy the arts and cultural events, as well as the sporting events that the City has to offer. Museum expansions took place this year and the new Herron School of Art opened on the Indianapolis University-Purdue University of Indianapolis (IUPUI) campus. There were good changes at the Zoo with the Dolphin adventure and at the Children's Museum with the Dinosphere, as well as seeing public art

around the City. He said that there is continued success in neighborhood economic development, as discussed in the Greater Indy Neighborhoods presentation.

Clarian's move into a major vacant building on the east side at Washington Street and Shadeland Avenue has been a success. And an announcement has been made that Walmart will be joining the Community Revitalization Enhancement District of the Lafayette Square area.

He said that in looking into 2006, there will be a number of major economic events happening and he believes that there is a lot to look forward to, including the opening of the Conrad Hotel, possible new restaurants, and Simon Property Group's headquarters. Indianapolis will host the Final Four in late March-early April and the Future Farmers of America (FFA) convention will be the start of a seven-year relationship that will bring over 53,000 people to the City. AAR Corp at the former United Maintenance Facility at the Indianapolis Airport has added 640 jobs.

Councillor Sanders asked if there are any prospects for the space that the Simon Property Group will vacate. Mr. Hendry said that the discussions are currently underway and the current owner of the building is looking at options for filling the space. Councillor Sanders asked if possible hotel space expansion due to convention center expansion is an option that would be looked at prior to the completion of the convention center expansion. Mr. Hendry said that it is being looked at, but no decisions have been made.

Councillor Conley said that he would like to discuss what could be done to help with the economic development problems that Dr. Towns discussed. Mr. Hendry agreed and said that economic development is not simply for the largest companies in Indianapolis, but can be vitally important to the long-term health of a neighborhood.

Chair Nytes said that if there are some initiatives that the Council can be helpful with let them know, as they would like to try to authorize anything that can possibly bring good jobs to the community and especially something to help fill the gap between the big exciting initiatives and the more difficult neighborhood initiatives.

CONCLUSION

With no further business, and upon motion duly made, the Economic Development Committee of the City-County Council was adjourned at 6:46 p.m.

Respectfully Submitted,

Jackie Nytes, Chair